



## A Message from the Chairman

David P. Driscoll  
Commissioner  
of Education

Dear Massachusetts Educator:

In 1906, in an effort to encourage the legislature to create a statewide teacher retirement system, the Board of Education wrote, "The quality of public schools is determined chiefly by the character, wisdom and efficiency of the teaching corps....The Board of Education favors a system of pensions for teachers because it will attract to the public service a higher type of individuals than would otherwise enter it, and will tend to preserve in such individuals those qualities of mind and heart on which lasting success depends." The MTRB and staff believe those words still ring true today.

This year the Massachusetts Teachers' Retirement System will celebrate its 90th birthday. Certainly a lot has changed since the retirement system was created in 1914. In 1914, a teacher could receive a retirement allowance up to \$1,000 a year and the system paid out a total of \$18,000 in retirement benefits. This year, the average teacher pension in Massachusetts is \$26,000 and the system will pay out nearly \$900 million in benefits to members and their beneficiaries.

Over the years, as our membership has increased and retirement benefit payments approach \$1 billion annually, the Board and staff's commitment to quality service remains steadfast. This year we will retire nearly 4,000 educators, and over the next ten years 40% of our members will retire. These events will place additional service demands on our staff. In an effort to meet those demands, we are prioritizing service requests by date of retirement. I encourage you to visit our web site where we will be providing tips on how members can help themselves through the retirement process and the purchasing of service credit. The Board and I thank you in advance for your patience and understanding.

Best wishes,

## Board and staff facing the difficult challenge of increased demand for services by implementing new policies

More than 4,000 educators will retire this year—a 25 percent increase over 2003, and double the number of five years ago

**A**s we enter the 2004 retirement season, one thing is crystal clear: Baby Boomers are leaving the ranks of active teaching and retiring.

### The number of retirements has increased dramatically—with no end in sight

We estimate that nearly 4,000 educators will retire this year. This represents a 25 percent increase over last year. Of these 4,000 applicants, those retiring under the RetirementPlus initiative account for over 2,300. This figure is more than double the number of retirements from five years ago. In 1999 we retired just over 1,800 members. Since 1998, the MTRB has retired more than 13,000 members, and we expect to retire 40 percent of our membership over the next 10 years.

As you may be aware, in an effort to meet the increased demand for services we began a process to re-engineer our computer system over a year ago. We had planned on using our new web-based computer system known as eRetirement for this upcoming retirement season. Unfortunately, however, the design and development of eRetirement has taken longer than originally planned. As a result, the Board has had to review our resources to determine what level of services we can provide in order to ensure the quality of service that has been the longstanding tradition at the MTRB. This has been a difficult challenge since the Board is completely committed to the membership but recognizes that we face significant and real economic limitations.

This past year, we have used overtime and hired temporary staff to address the backlogs created by the increased retirements in 2003. However, with another 25 percent increase in retirements this year, the Board has realized that service deferrals will occur.

### We're implementing several new policies to alleviate these service issues

In an effort to respond to the increase in retirements and still provide quality service to as many members as

Board facing challenges, page 2 ►

## In this issue

Board faces challenge of meeting increased demand for services 1

Governor proposes changes to pension plan 2

Retiring in 2004? Know what to do and what to expect 3

Our retirement system: A snapshot 4-5

MTRB news 6-7

Spring seminars 8

Because our staff resources are so stretched, members who are retiring in 2004 will receive the highest priority in service processing.

Please know that when you are ready to retire, you will receive our prompt and complete attention, too.

# Governor proposes changes to Commonwealth's pension plan

FY2005 budget recommends closing certain loopholes but no major overhaul

**G**OVERNOR Romney filed his much anticipated pension changes as part of his Fiscal Year 2005 spending plan. The changes would not apply to any retired members, but would apply to active members of the retirement system. The suggested changes are subject to the review and disposition of the House of Representatives and the State Senate. The Governor's recommendations include:

- a pension cap, based on growth of member contributions and investment returns (details of the calculation and applicability of the cap are being analyzed);
- increasing the interest charged on purchasing service credit;
- a requirement to fully fund any new liabilities within three years;
- reforming creditable service determinations for elected officials; and,
- eliminating the termination retirement benefits provided under subdivision 2

of Section 10 of Chapter 32 for future retirees.

We will continue to follow the Governor's recommendations as they are reviewed by the House and Senate, and will update our web site with further developments. We do not anticipate any action occurring on these initiatives until April or May.

Also included in the Governor's Budget is a 3 percent cost-of-living-adjustment for retirees of the state and teachers' retirement systems. The COLA would be applied to a retirement base not to exceed \$12,000.

The Governor also included legislation removing the restrictions placed on the Pension Reserves Investment Management (PRIM) Board regarding the disposition of the Hynes Convention Center. Last year the Hynes Convention Center and the Boston Common Parking Garage were transferred to the pension fund in order to meet the state's pension funding appropriation for Fiscal Year 2004. ■



## BOARD MEMBERS

### David P. Driscoll

Chairman and  
Commissioner of Education

### Timothy P. Cahill

State Treasurer

### A. Joseph DeNucci

State Auditor

### John A. M. Dow, Jr.

Elected by the Membership

### George F. McSherry

Elected by the Membership

### Linda M. Ruberto

Appointed by the Board

### Ellen T. Hargraves

Appointed by the Governor

## ADMINISTRATION

### Joan Schloss

Executive Director

### Erika M. Glaster

Deputy Executive Director

### Sean P. Neilon

Assistant Executive Director

### James H. Salvie

General Counsel

## BOSTON OFFICE

69 Canal Street, 3rd Floor  
Boston, MA 02114-2006  
Phone 617-727-3661  
Fax 617-727-6797  
Office hours 8:45 a.m.–5 p.m.

## WESTERN REGIONAL OFFICE

101 State Street, Suite 210  
Springfield, MA 01103-2066  
Phone 413-784-1711  
Fax 413-784-1707  
Office hours 8:45 a.m.–5 p.m.

## ONLINE

mass.gov/mtrb  
geninfo@trb.state.ma.us

## Board facing challenges with new policies

Continued from page 1

possible, the Board has authorized the staff to take the following actions:

- Give members who are retiring in 2004 the highest level of service priority.
- Schedule a series of regional seminars specifically targeted for those members planning to retire this year.
- Offer only group counseling during our heaviest calculation period, which runs from April through September. Only those members who are retiring in 2004 will be allowed to attend. Members retiring in later years will be asked to wait until the fall to attend a counseling session.
- Process retirement applications on a "first in, first out" schedule.
- Provide detailed instructions and checklists to all retirement applicants to help ensure the accuracy and completeness of their retirement applications, saving us processing time.

Despite taking these steps, we expect to experience service deferrals in specific areas: service purchases, responses to requests for letters of creditable service verification and other member correspondence. Unfortunately, responses could take as long as 10 months.

We understand that service deferrals will not be popular and will make every effort to keep the delay as short as possible. The Board realizes that we are asking a lot from our members and thanks you in advance for your patience and understanding. The Board continues to make each decision with the best interests of the members in mind. ■

*Unfortunately, despite taking these steps, we expect to experience significant service deferrals—your patience is greatly appreciated!*

# Retiring in 2004? If so, it's time to get ready!

Retirement is a major life change, and often an emotional and confusing time—let us help make the application process less stressful for you

As mentioned in the previous article, unprecedented demand for our services has limited our ability to respond quickly to everyone's individual issues. Accordingly, we encourage you to visit our web site and to consider attending one of our specialized regional seminars in a few weeks (*see last page for the seminar schedule*).

## What you should be doing now

- If you haven't already received or requested a retirement application, you should contact one of our offices and request an application now.
- If you are planning to retire under the RetirementPlus plan this year and have not yet met with your payroll officer or school business official to complete an *Accelerated Payment Agreement*, you should schedule that now. Please go online to [mass.gov/mtrb/7retplus/72active/725aptwk.htm](http://mass.gov/mtrb/7retplus/72active/725aptwk.htm).
- If you have creditable service purchases pending with our office, you must let us know when you submit your retirement application. All purchases must be completed prior to your effective retirement date. **If you have not started the documentation process for creditable service that you may be eligible to purchase, do it now.** This process takes time and waiting until the last minute to obtain the proper documentation may force you to postpone your desired date of retirement.
- Now is the time to gather the documenta-

tion such as birth certificates and salary schedules that you will need to submit with your application. Specific instructions regarding documents, signatures, etc. are provided with the retirement application.

- Once your application is complete, submit it and the required documents to the MTRB. Members living in Worcester County and west should submit their applications to our Springfield office. All other members should submit applications to our Boston office.

## What happens next

- After you submit your retirement application, we will begin reviewing your application and calculating your retirement benefit.
- Once we have completed your benefit calculation, we will mail you some final forms to complete. This final package contains your Option Selection Form, federal tax withholding form, and direct deposit form. Instructions will be provided.
- Retirement applications are processed on a "first in, first out" basis. Please understand that because of the anticipated volume, it may be four months before you receive your Option Selection package.
- After you have completed and returned the Option Selection Form and other required final documents, we will process your first retirement check.

We will be sure to advise you of these steps and instructions throughout the process! ■



Receive retirement updates

on your desktop—

**Register to receive**

**MTRB M@il!**

More than 16,000 active members and 2,400 retirees have now signed up. Just give us your e-mail address and we'll deliver retirement news right to your desktop. It's easy!

- 1) Go to [mass.gov/mtrb](http://mass.gov/mtrb).
- 2) Click on **Register to Receive MTRB M@il!**
- 3) Complete the simple online form with your MTRB member status (active), name, MTRB member number (as shown on your Annual Statement) and your e-mail address.
- 4) Watch your e-mail for periodic updates!

## Need a form or publication?

Chances are that you don't have to call us—Simply download it from our web site!

Many of our most frequently requested forms and brochures are available online. Before you call, please check our web site for the form or publication you need.

Just go to [mass.gov/mtrb](http://mass.gov/mtrb) and, in

the left margin, click on **Downloadable forms** for the following:

- Service purchase form: Substitute, temporary or part-time service
- Service purchase form: Peace Corps service
- Service purchase instruction sheets: Out-of-state service, Other Massachusetts government service, Nonpublic school service; Overseas dependent school service
- Beneficiary change form

- Direct rollover acknowledgment form
- Trust-to-trust transfer acknowledgment form

Or, click on **Publications, Programs and Services** for these publications:

- Your MTRS Benefits: A Guide for Active Members
- What you need to know about disability retirement
- What you need to know as the recipient of a lump-sum payment
- Estimating your retirement allowance
- Choosing a financial planner
- Purchasing creditable service purchase with a direct rollover or transfer

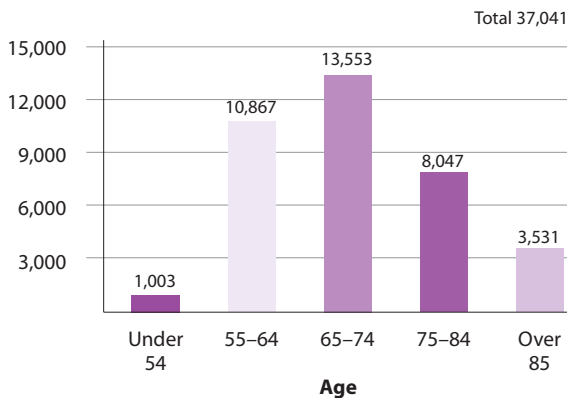
# Our Massachusetts Teachers' Retirement

A snapshot of who we are, our current funding status and what we expect

A profile of our membership as of January 1, 2003

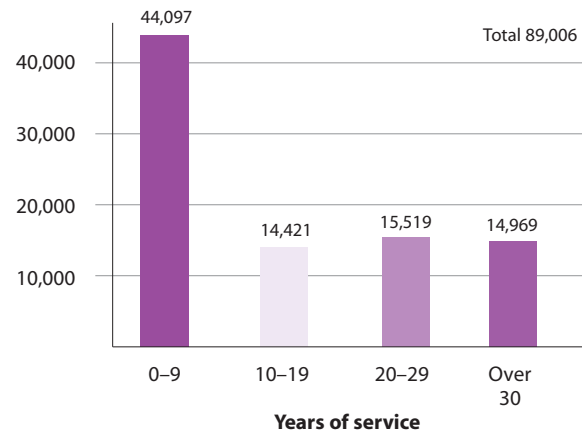
## Our retired members, by age

This population has never been greater, and continues to grow rapidly.



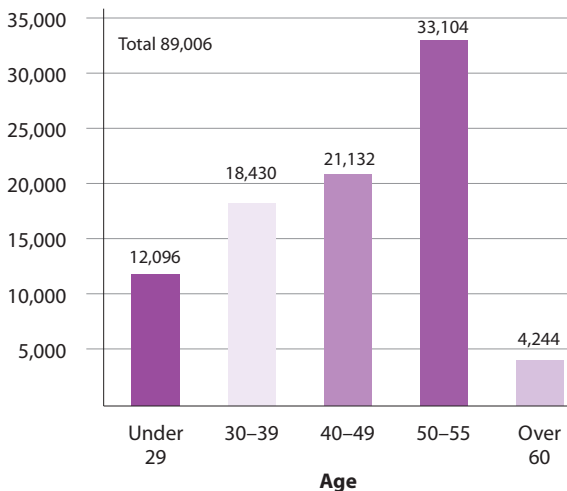
## Our active members' years of service

Over a third of our active population is eligible to retire now.



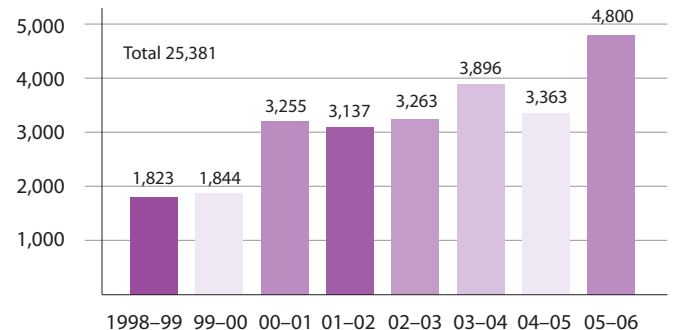
## Our active members, by age

The Baby Boomers are within striking range of retirement.



## Past and projected number of retirement applicants

We anticipate the number of retirements to continue to climb, and expect to retire 12,000 members in the next three years.



## What all this means

The demographics of our system illustrate what we have expected and have witnessed over the past few years: the Boomers are moving toward and through retirement. The increased retirements will continue to raise service demands on our system, and the Board will continue to look for ways to respond to the challenges presented by this situation.



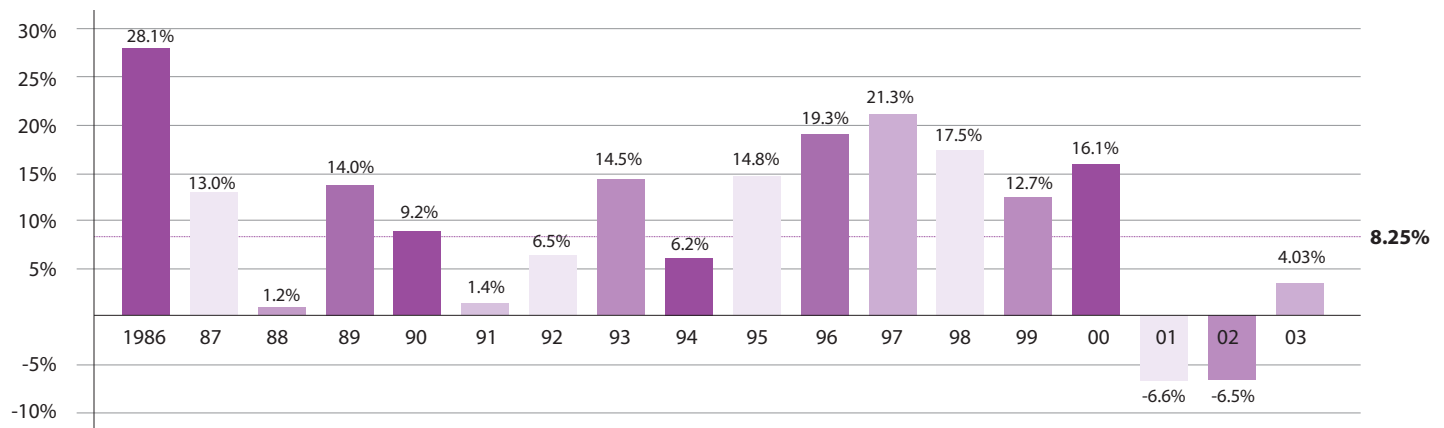
# ment System:

## at we can expect in the near future

### Our funding status

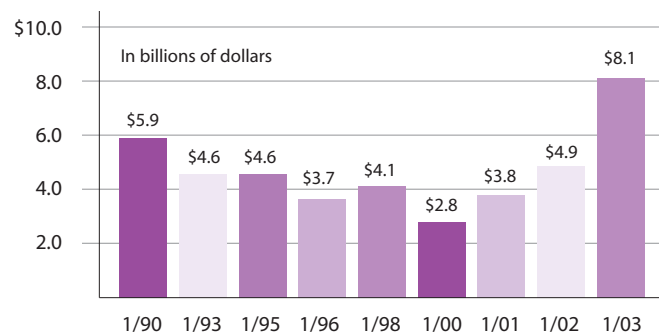
#### PRIT core investment performance, for fiscal years ending June 30

The Legislature has set 8.25 percent as the pension fund's long-term rate of return target. The system has averaged 9.50 percent over the past 10 years, earning the top ranking in *Trust Universe Comparison Report*, the most widely recognized benchmark for comparing the investment performance of pension funds nationwide.



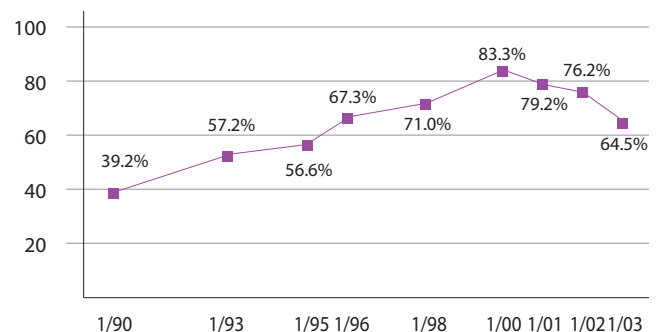
#### The MTRS' unfunded liability

The system's unfunded liability has increased over the past three years; however, the ability to pay down debt has also increased



#### The MTRS' funded ratio

Over the last 13 years, the system's funding ratio has increased by 50 percent.



#### What all this means

Notwithstanding the down markets of the past few years, the retirement system's financial position has strengthened over time. The solvency of the system, albeit off its high, is over 50 percent greater since the adoption of the pension funding initiative in 1987. The Board is committed to working with the Governor and the Legislature to eliminate the system's unfunded pension liability.

## John A.M. Dow, Jr. and George F. McSherry re-elected, and Linda M. Ruberto reappointed to Board

As you know, we recently conducted an election for the two seats on the Board that are held by active or retired members of the Massachusetts Teachers' Retirement System.

The results, tabulated in December 2003, were as follows:

Photo: Michael E. Williams, MTRB



State Auditor and Board member A. Joseph DeNucci (left) hosted the swearing in ceremony on January 14, 2004. Next to Auditor DeNucci are John A.M. Dow, Jr., Linda M. Ruberto, George F. McSherry, Secretary of State William F. Galvin—who administered the oath of office to our three returning Board members—and State Treasurer and Board member Timothy P. Cahill.

Candidate	Votes received	Percentage
<b>John A. M. Dow, Jr.</b>	14,044	37%
<b>George F. McSherry</b>	14,015	37%
S. Natalie Braunstein*	6,574	17%
John F. Putnam	3,477	9%
	38,110	100%

\*Candidate withdrew prior to vote tabulation.

At its December meeting, the Board voted unanimously to reappoint Linda M. Ruberto to her fourth term. Ms. Ruberto is a science teacher in the Pittsfield public schools, and has served as the Board's appointed member since 1991.

We offer our congratulations to Mr. Dow, Mr. McSherry and Ms. Ruberto, and look forward to four more years of their dedicated service on behalf of our members. ■

## Three long-time MTRB staffers retire under state's early retirement program

In October 2003, these three left our Boston office, but not the MTRB family

### Bob Salza



**B**OB Salza, the one and only Insurance Coordinator for the Massachusetts Teachers' Retirement Board ever, has retired after almost 21 years of dedicated service to the Commonwealth's retired educators.

When asked if he had any memorable moments from his time at the MTRB that he wanted to share, Bob said, "Memorable moments I really don't have, but memorable people—I can think of many."

As far as his plans for retirement, Bob expects to finally get a golf handicap, travel and spend more time with his relatives.

### Barbara Breen



**H**AVING spent her entire career in the retirement field, Barbara Breen has retired herself.

Barbara expressed some mixed emotions about retiring. Even though she has dealt with retirement issues every day of her career, and has participated in numerous MTRB seminars that address this new

life stage, it is not an easy transition.

In the near term, Barbara hopes to take a well deserved, month-long vacation in Florida. After that, it's anybody's guess. Barbara expects to indulge her pleasures—shopping and watching TV—and she may go back to school to keep busy and expand her horizons.

### Mei Ling Liang

**A**FTER nearly 20 years of distinguished service with the MTRB, Mei Ling Liang has left the Boston office.

In her career with the MTRB, Mei Ling split her responsibilities between two major functions: processing refunds for almost 10 years, and then handling Finance duties.

Like her fellow retirees, Mei Ling was ambivalent about retiring. "I'm not happy to leave the MTRB. I'm not a housewife—I like to work."

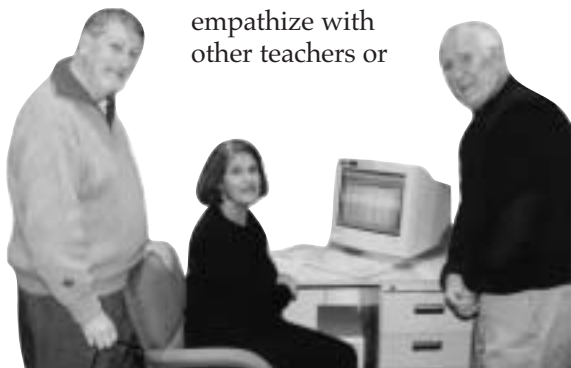
Congratulations and best wishes to all of you! ■



## We know where you're coming from— Retired educators serve you and enrich our staff

What we tried as an experiment in 2000 has proven a win-win-win situation for our members, our Call Center representatives and us

**I**N November of 2000, we knew that we had to do something to handle the anticipated demand by our members for information regarding the many ins and outs of the then-new RetirementPlus program. We thought that asking retired educators to staff our Call Centers would be beneficial to everyone: They, the retirees, had already experienced the process and could relate to and empathize with other teachers or



Boston Call Center representatives Gerry Cavanaugh, Shelly Selig and Paul McCarthy and their colleagues respond to an average of more than 100 phone calls and VoiceMail messages daily. Photo: Michael E. Williams

administrators as they were planning the next phase of their lives. Accordingly, we established Call Centers in our Boston and Springfield offices.

In the three and a half years since then, our Call Centers have proven to be vital assets to our members and the agency. We are very proud of our representatives, and count this as a success story for the MTRB. Since its inception in November of 2000, the Boston Call Center has retained the services of seven of the eleven originally hired retirees. These seven are:

- **Dean Aldrich**, retired history and music teacher from Lincoln-Sudbury;
- **Gerald Cavanaugh**, retired history and social studies teacher from the Weymouth public schools;
- **William Kearnan**, the husband of a retired elementary teacher from Blackstone-Millville;
- **Paul McCarthy**, retired guidance counselor from the Newton public schools;
- **Donald Nelson**, retired science teacher from Duxbury;
- **William O'Connor**, retired history teacher from Winchester; and,
- **Shelly Selig**, retired SPED teacher, also from the Newton public schools.

These seven have been joined by two other retirees, **Philippe Lemieux**, a former chemistry teacher from Lincoln-Sudbury, and **Francis (Ron) Stec**, a former science teacher from Newton. We are currently operating the Boston Call Center with nine representatives, with at least three in the office each day.

The Springfield Call Center is staffed by **Jerome Winegar**, a retired principal from the Springfield school system. Jerome provides much valued assistance to our five-person staff in the Western Regional office.

All Call Center representatives work part-time, and also assist with office mailings, reviewing retirement applications for completeness, and a host of other jobs as they arise. ■

Improve your chance of  
reaching us—  
avoid calling during  
our peak times,  
or send us an e-mail!

Our already busy Call Center is getting even busier as retirement season approaches. To help us continue to serve you and our almost 90,000 active members and 40,000 retirees, you might want to avoid calling during the first three workdays of the month, Mondays and the first day after a holiday, as these are our peak call times.

If you have a question that doesn't need an immediate response, e-mail us at **geninfo@trb.state.ma.us**.

### Like you, Lou has been there

A retired educator and former principal, **Louise Gaskins** has ably staffed our reception desk on a part-time basis for almost ten years. Lou is a world traveler and youthful spirit, and an inspiration to the staff for how to enjoy life and retirement.

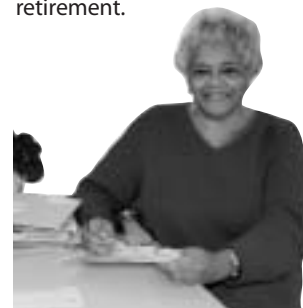


Photo: Michael E. Williams, MTRB



69 Canal Street  
Boston, MA 02114

PRSRT STD  
U.S. POSTAGE  
**PAID**  
PERMIT #315  
BROCKTON, MA



**In 2004, almost  
4,000 members  
will retire—  
an increase  
of 25 percent  
over 2003!**

The Board and staff are facing the challenge to meet service demands by implementing some new policies—learn how you might be affected (p. 1)

### **Retiring in 2004?**

Be sure that you know what to do, and when, as well as what to expect (p. 3)

**Plus, other news and updates!**

Got questions?

Attend one  
of our spring  
seminars!

**Online  
preregistration  
is required for ALL  
programs.**

To register and obtain more information, visit our web site at **mass.gov/mtrb**.

Please register early as space is limited.

*The MTRB Advisor* is written and produced by the Massachusetts Teachers' Retirement System. We welcome letters from our readers and encourage you to send your comments to: *Advisor*  
Massachusetts Teachers' Retirement Board  
69 Canal Street, 3rd Floor  
Boston, MA 02114-2006  
Or fax your letter to us at 617-727-6797.

Planning for retirement?

## **If you're 5 to 15 years away from retirement, attend *The Next Chapter***

This popular all-day seminar covers the basics for Massachusetts educators

*The Next Chapter* program is an all day, comprehensive retirement planning program for members who are 5 to 15 years away from retirement, but all interested members are welcome. Topics include:

- Transitioning to retirement
- Financial planning
- Estate planning

- Social Security and Medicare benefits
- Your MTRS Benefits

**Danvers, Saturday, April 24**

Sheraton Ferncroft Resort

**Shrewsbury, Saturday, May 15**

Hoagland-Pincus Conference Center

Retiring in 2004?

## **Then come to *Ready for Retirement***

This new seminar is designed specifically for 2004 retirees, as our staff may not be available during regular hours

*Ready for Retirement* is an optional, free, two-hour program (6–8 p.m.) for members retiring in 2004. If you have any questions about your benefits or the retirement process, please come!

Choose from these eight dates and locations:

- |                                                                                                    |                                                                                                              |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> <b>Framingham</b> , Monday, March 15<br>Walsh Middle School, Brook Street | <input type="checkbox"/> <b>Marstons Mills</b> , Thursday, March 18<br>Marstons Mills East Elementary School |
| <input type="checkbox"/> <b>Worcester</b> , Monday, March 15<br>Doherty Memorial High School       | <input type="checkbox"/> <b>West Springfield</b> , Thursday, March 18<br>West Springfield High School        |
| <input type="checkbox"/> <b>Pittsfield</b> , Tuesday, March 16<br>Herbert Middle School            | <input type="checkbox"/> <b>Hanover</b> , Monday, March 22<br>Hanover High School                            |
| <input type="checkbox"/> <b>Medford</b> , Tuesday, March 16<br>McGlynn School                      | <input type="checkbox"/> <b>Topsfield</b> , Wednesday, March 24<br>Masconomet Regional Middle School         |